

**SOUTHEASTERN LOUISIANA
AREA HEALTH EDUCATION CENTER
FOUNDATION**

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-15-06

Audit of Financial Statements

June 30, 2005

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To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

Independent Auditor's Report

We have audited the accompanying statement of financial position of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** (Foundation) as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the **FOUNDATION's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2005, on our consideration of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying financial information in Schedules I through III, is presented for purposes of additional information and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

December 13, 2005

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2005**

ASSETS

Cash and Cash Equivalents	\$ 198,628
Certificates of Deposit	354,907
Cash Held in Escrow - Restricted	370,062
Due from LSUMC	24,289
Grants Receivable	290,278
Other Receivables	73,920
Loans Receivable	391,047
Due from LPHI	125,000
Prepaid Expenses	654
Deposits	300
Property, Equipment and Furniture, Net	<u>360,712</u>
 Total Assets	 <u>\$ 2,189,797</u>

LIABILITIES

Accounts Payable	\$ 206,535
Deferred Revenue	7,195
Notes Payable	<u>1,048,196</u>
 Total Liabilities	 <u>1,261,926</u>

COMMITMENTS

NET ASSETS

Unrestricted - Designated for Future Expenditures	<u>927,871</u>
 Total Liabilities and Net Assets	 <u>\$ 2,189,797</u>

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005**

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Cooperative Endeavor with LSUMC - State Portion	\$ 428,612
Cooperative Endeavor with LSUMC - Federal Portion	82,352
Federal Grant Revenue	1,514,269
Grant Revenue - State and Private	231,330
Interest Income	28,146
Librarian Services	10,000
Continuing Education Revenue	15,980
Other	<u>305,506</u>
Total Unrestricted Support and Revenue	<u>2,616,195</u>

EXPENSES

Program Services	
Rural Health Outreach Services	653,947
Rural Health Loan Program	16,675
Rural AIDS Prevention	66,122
Genetic Research Grant	233,436
Educational and Recruitment Programs	56,499
Learning Resource Center	2,444
Contractual	59,512
Interest	14,936
Other Programs	791,668
Program Management	<u>283,481</u>
Total Program Services	<u>2,178,720</u>
Supporting Services	
General and Administrative	<u>289,205</u>
Total Supporting Services	<u>289,205</u>
Total Expenses	<u>2,467,925</u>

INCREASE IN UNRESTRICTED NET ASSETS 148,270

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR 779,601

UNRESTRICTED NET ASSETS, END OF YEAR \$ 927,871

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Unrestricted Net Assets	\$ 148,270
Adjustments to Reconcile Increase in Unrestricted Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	31,765
Decrease in Due from LSUMC	271,591
(Increase) in Grant Receivable	(91,271)
(Increase) in Other Receivables	(35,161)
(Increase) in Loans Receivable	(79,527)
Decrease in Due from LPHI	100,000
Decrease in Prepaid Expenses	5,464
(Decrease) in Accounts Payable	(138,500)
(Decrease) in Deferred Revenue	<u>(1,408)</u>
Net Cash Provided by Operating Activities	<u>211,223</u>

CASH FLOWS FROM INVESTING ACTIVITIES

(Increase) in Restricted Cash	(13,221)
Decrease in Certificates of Deposit	<u>46,798</u>
Net Cash Provided by Investing Activities	<u>33,577</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Notes Payable	(13,909)
Payments on Line of Credit, Net	<u>(70,000)</u>
Net Cash Used in Financing Activities	<u>(83,909)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 160,891

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 37,737

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 198,628

SUPPLEMENTAL DISCLOSURES

Cash Paid for Interest \$ 14,936

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION (Foundation) is a Louisiana nonprofit organization chartered on June 22, 1989. Its purpose is to operate an area health education center in Southeastern Louisiana in order to plan for additional clinical educational opportunities in rural and underserved communities.

FEDERAL INCOME TAXES

The Foundation is exempt from Federal Income Tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

BASIS OF ACCOUNTING

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: *unrestricted net assets*, *temporarily restricted net assets*, and *permanently restricted net assets*. As of June 30, 2005, there are no temporarily or permanently restricted net assets.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONATED GOODS AND SERVICES

Under SFAS No. 116, organizations are required to recognize as revenue and related expense, services received if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

REVENUE AND EXPENSES

Support for the Foundation is provided primarily by the Louisiana State University and Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center (LSUMC), and by federal grants received either directly from federal agencies or passed through state and local governmental agencies.

Expenditures pertaining to the funding provided by LSUMC are to be made in accordance with a budget, which has been adopted and made a part of the cooperative endeavor with LSUMC. The Foundation is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreement.

For federal and state grants administered on a cost-reimbursement basis, revenue is recognized as allowable expenditures are incurred.

PROPERTY, EQUIPMENT AND FURNITURE

Effective with the October 1, 1994 cooperative endeavor between LSUMC and the Foundation, title to equipment purchased with these funds is to remain with the Foundation. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC during the fiscal year ended June 30, 2005, has been capitalized and recorded in the Statement of Financial Position. In addition, the costs of automobiles, furniture, and office equipment purchased with funds provided by federal award programs have been capitalized and recorded in the Statement of Financial Position. Acquisitions of property and equipment in excess of \$1,000 and an economic useful life greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: building and building improvements 30 years, furniture and equipment 5 to 7 years.

CASH FLOW INFORMATION

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Foundation did not make any cash payments for income taxes during the year ended June 30, 2005.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ECONOMIC DEPENDENCY

Support for the Foundation is provided primarily by appropriations from the Louisiana State Legislature via a cooperative endeavor with the Louisiana State University Medical Center. The Foundation also receives grants through federal and state agencies. The continued operations of the Foundation are dependent upon the renewal by these funding sources.

ADVERTISING COSTS

Advertising costs are expensed as incurred. There were no advertising expenses for the year.

NOTE B

RURAL LOAN PROGRAM

During the year ended June 30, 2003, the Foundation entered into an agreement with the Louisiana Public Health Institute (LPHI) and the Louisiana Public Facilities Authority (LPFA) whereby LPHI agreed to transfer its Rural Loan Fund Program (Program) to the Foundation. The Program, which was funded by a \$500,000 non-interest bearing note from the LPFA, was established to assist rural health clinics and hospitals in obtaining necessary equipment and facilities to enhance their ability to provide high-quality health care to residents in rural areas of the State of Louisiana.

In accordance with the agreement, the LPFA canceled the note payable it had with LPHI and initiated a new note with the Foundation. The note, which was issued with the same terms as the original note issued to LPHI, is non-interest bearing and the principal balance of the note is required to be paid upon the maturity of the note, which is January of 2012.

The agreement required that LPHI transfer ownership of all assets associated with the Program to the Foundation. These assets included cash of \$63,648, outstanding loan balances totaling \$211,352, and certificates of deposit totaling \$225,000. As of June 30, 2005, \$125,000 of the Certificates of Deposit are still in the name of LPHI and will be transferred to the Foundation as they mature. Accordingly, the Foundation has recognized the balance of the certificates as being due from LPHI on the Statement of Financial Position.

During the year ended June 30, 2004, LPFA issued an additional \$300,000 non-interest bearing note to the Foundation. Under the terms of the agreement, the Foundation was required to place these funds in an escrow account until the funds have been loaned out to rural health clinics and hospitals. The funds that are held in escrow are classified within restricted cash and total \$251,251 on the accompanying Statement of Financial Position.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE C

LOANS RECEIVABLE

As described in Note B, the Foundation implemented the Rural Loan Fund Program. Under the Program, rural community health clinics and hospitals can obtain low-interest loans to enhance their ability to provide high-quality health care.

At June 30, 2005, the Foundation had ten loans outstanding, totaling \$391,047. The ten loans have interest rates of approximately 4% to 5.25% with maturities ranging from 2005 to 2012. Management considers the loans to be fully collectible.

NOTE D

PROPERTY, EQUIPMENT AND FURNITURE

As of June 30, 2005, Property, Equipment and Furniture consists of the following:

Land and Building	\$ 362,976
Office Equipment	88,997
Office Furniture	<u>28,892</u>
	480,865
Less: Accumulated Depreciation	<u>120,153</u>
	<u>\$ 360,712</u>

All capitalized assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2005 totaled \$31,765.

NOTE E

NOTES PAYABLE

The Foundation purchased a building during the year ended June 30, 2003, and entered into a note payable agreement in order to finance the purchase. The agreement was entered into on May 28, 2003. The loan calls for 59 monthly payments of \$2,403, beginning on July 1, 2003, and one final payment of \$220,480, due on the maturity date of June 1, 2007. The loan bears interest at 5.75%. Interest expense incurred for the current year was \$14,936.

Maturities of the note payable to the affiliate are as follows:

2006	\$ 15,000
2007	<u>233,196</u>
Total	<u>\$ 248,196</u>

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE E

NOTES PAYABLE (Continued)

In addition to the note described above, the Foundation has an \$800,000 note payable from the LPFA pertaining to its Rural Loan Program, as described in Note B. The note is non-interest bearing, and the entire principal balance is due January of 2012.

The Foundation also has a line of credit in the amount of \$100,000. As of June 30, 2005, the Foundation had \$0 outstanding on this line of credit.

NOTE F

RETIREMENT PLAN

The Foundation established an employer sponsored 403(b) Annuity Plan (the Plan) effective October 1, 1990, to provide retirement benefits for employees of the Foundation and the payment of benefits to employees and their beneficiaries. The Foundation's contribution was 7% of the employees' salaries during the year ended June 30, 2005. Additionally, an amount determined by resolution of the Board of Directors of the Foundation may be contributed to the Plan. The contribution to the Plan for June 30, 2005, amounted to \$48,234.

NOTE G

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE H

CONCENTRATION OF RISK

At June 30, 2005, the Foundation had funds deposited in financial institutions in excess of the \$100,000 FDIC guaranteed limits.

NOTE I

SUBSEQUENT EVENT

On August 29, 2005, Hurricane Katrina made landfall on the Louisiana-Mississippi Gulf Coast. The storm severely impacted the southeast Louisiana region. The financial impact of Hurricane Katrina on the Foundation cannot be determined at this time.

SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
SUPPLEMENTARY INFORMATION

SCHEDULE I
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2005

	LSUMC Funding	DELTA Program	Rural Health Loan Program	Rural Aids Prevention Program	Genetic Research Grant	Other Programs	Plant Fund	Totals
ASSETS								
Cash and Cash Equivalents	\$ 28,253	\$ 70,950	\$ 99,425	\$ -	\$ -	\$ -	\$ -	\$ 198,628
Certificates of Deposit	-	-	354,907	-	-	-	-	354,907
Cash Held in Escrow - Restricted	-	-	370,062	-	-	-	-	370,062
Due from LSUMC	-	15,608	-	-	8,681	-	-	24,289
Grants Receivable	-	-	-	9,179	-	281,099	-	290,278
Other Receivables	71,470	-	2,450	-	-	-	-	73,920
Loan Receivables	-	-	391,047	-	-	-	-	391,047
Due from LPHI	-	-	125,000	-	-	-	-	125,000
Due from Other Programs	267,326	-	-	-	-	-	-	267,326
Prepaid Expenses	-	-	-	-	-	654	-	654
Deposits	300	-	-	-	-	-	-	300
Property, Equipment and Furniture, Net	338,778	-	-	-	-	-	21,934	360,712
Total Assets	\$ 706,127	\$ 86,558	\$ 1,342,891	\$ 9,179	\$ 8,681	\$ 281,753	\$ 21,934	\$ 2,457,123
LIABILITIES								
Accounts Payable	\$ 68,704	\$ 86,558	\$ 27,917	\$ 1,159	\$ -	\$ 22,197	\$ -	\$ 206,535
Deferred Revenue	182	-	-	-	7,013	-	-	7,195
Notes Payable	248,196	-	800,000	-	-	-	-	1,048,196
Line of Credit Payable	-	-	-	-	-	-	-	-
Due to Other Programs	-	-	-	8,020	-	259,306	-	267,326
Total Liabilities	317,082	86,558	827,917	9,179	7,013	281,503	-	1,529,252
NET ASSETS								
Unrestricted - Designated for Future Expenditures	389,045	-	514,974	-	1,668	250	21,934	927,871
Total Liabilities and Net Assets	\$ 706,127	\$ 86,558	\$ 1,342,891	\$ 9,179	\$ 8,681	\$ 281,753	\$ 21,934	\$ 2,457,123

See independent auditor's report.

SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
SUPPLEMENTARY INFORMATION

SCHEDULE II
COMBINING SCHEDULE OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2005

	LSUMC Funding	DELTA Program	Rural Health Loan Program	Rural AIDS Prevention Program	Genetic Research Grant	Other Programs	Plant Fund	Totals
SUPPORT AND REVENUE								
Cooperative Endeavor with LSUMC - State Portion	\$ 428,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,612
Cooperative Endeavor with LSUMC - Federal Portion	82,352	-	-	-	-	-	-	82,352
Federal Grant Revenue	-	653,947	-	66,122	233,436	560,764	-	1,514,269
Grant Revenue - State and Private	-	-	426	-	-	230,904	-	231,330
Interest Income	649	-	27,480	-	17	-	-	28,146
Librarian Services	10,000	-	-	-	-	-	-	10,000
Continuing Education Revenue	15,980	-	-	-	-	-	-	15,980
Other	304,606	-	900	-	-	-	-	305,506
Total Support and Revenue	842,199	653,947	28,806	66,122	233,453	791,668	-	2,616,195
EXPENSES								
Salaries and Related Benefits	362,575	129,556	-	48,969	163,793	483,196	-	1,188,089
Supplies and Maintenance	34,754	3,550	-	1,660	6,066	18,148	-	64,178
Equipment Expense	9,672	-	-	-	-	2,741	-	12,413
Rent	-	-	-	2,600	-	15,146	-	17,746
Utilities	21,991	-	-	1,630	-	13,611	-	37,232
Travel	25,667	21,069	-	8,057	1,013	49,094	-	104,900
Library	2,444	-	-	-	-	-	-	2,444
Contractual	59,512	409,749	-	-	-	15,000	-	484,261
Professional Costs	49,931	-	-	1,360	-	5,817	-	57,108
Legal Expenses	1,127	-	528	-	-	-	-	1,655
Programs	56,499	-	-	-	-	-	-	56,499
Dues and Conferences	7,698	-	-	80	-	1,095	-	8,873
Depreciation	12,099	-	-	-	-	-	19,666	31,765
Interest	14,936	-	-	-	-	-	-	14,936
Other	27,506	90,023	16,147	1,766	62,564	187,820	-	385,826
Total Expenses	686,411	653,947	16,675	66,122	233,436	791,668	19,666	2,467,925
INCREASE (DECREASE) IN NET ASSETS	155,788	-	12,131	-	17	-	(19,666)	148,270
NET ASSETS, BEGINNING OF YEAR	233,257	-	502,843	-	1,651	250	41,600	779,601
NET ASSETS, END OF YEAR	\$ 389,045	\$ -	\$ 514,974	\$ -	\$ 1,668	\$ 250	\$ 21,934	\$ 927,871

See independent auditor's report.

**SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
SUPPLEMENTARY INFORMATION**

**SCHEDULE III
ALLOCATION OF PROGRAM MANAGEMENT AND GENERAL
AND ADMINISTRATIVE EXPENSES
For the Year Ended June 30, 2005**

Expense Description	Allocation		Amount
	Program Management	General and Administrative	
Salaries and Related Benefits	\$ 179,475	\$ 183,100	\$ 362,575
Supplies and Maintenance	17,203	17,551	34,754
Professional Costs	24,716	25,215	49,931
Depreciation	15,724	16,041	31,765
Travel	12,705	12,962	25,667
Dues and Conferences	3,811	3,887	7,698
Utilities	10,886	11,105	21,991
Equipment Expense	4,788	4,884	9,672
Legal Expenses	558	569	1,127
Other	13,615	13,891	27,506
Totals	<u>\$ 283,481</u>	<u>\$ 289,205</u>	<u>\$ 572,686</u>

See independent auditor's report.

OMB CIRCULAR A-133 SECTION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2005**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Revenue Recognized</u>	<u>Federal Disbursements Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Award:				
Rural Health Outreach	93.912	N/A	\$ 653,947	\$ 653,947
Passed-through Louisiana State University Medical Center:				
Area Health Education Centers - Model Programs	93.107	None	82,352	82,352
Passed-through City of New Orleans - Office of Health Policy:				
Ryan White Comprehensive AIDS Resources Emergency Act of 1990 - Title I	93.914	98OHP0014C	182,917	182,917
Passed-through Louisiana Department of Health and Hospitals:				
Rural AIDS Prevention Program Region IX	93.940	14547/16716	66,122	66,122
Genetic Research Grant	93.912	1D04 RH 00136-01	<u>233,436</u>	<u>233,436</u>
Subtotal - U.S. Department of Health and Human Services			<u>1,218,774</u>	<u>1,218,774</u>

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended June 30, 2005**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Revenue Recognized</u>	<u>Federal Disbursements Expenditures</u>
<u>U.S. Department of Education</u>				
Passed-through Louisiana Department of Health and Hospitals:				
Children's Special Health Services	84.181	623382	133,546	133,546
Children's Special Health Services	84.181	610292	<u>244,301</u>	<u>244,301</u>
Subtotal - U.S. Department of Education			<u>377,847</u>	<u>377,847</u>
Total			<u>\$ 1,596,621</u>	<u>\$ 1,596,621</u>
RECONCILIATION				
Cooperative Endeavor with LSUMC – Federal Portion			\$ 82,352	
Federal Grant Revenue			<u>1,514,269</u>	
			<u>\$ 1,596,621</u>	

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2005**

NOTE A

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

We have audited the financial statements of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** (Foundation), a nonprofit organization, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and *not to provide an opinion on the internal control over financial reporting*. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

110 VETERANS MEMORIAL BOULEVARD, SUITE 200, METAIRIE, LA 70005-4958 • 504.835.5522 • FAX 504.835.5535
5100 VILLAGE WALK, SUITE 202, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956

WWW.LAPORTE.COM

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This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

December 13, 2005



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

Compliance

We have audited the compliance of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION's** (Foundation), a nonprofit organization, with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

December 13, 2005

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2005**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No reportable conditions relating to the audit of the financial statements of the Foundation were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the Foundation were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Foundation are reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Rural Health Outreach	93.912

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Foundation was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None